

2007 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-SB40)

Received: **06/28/2007**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Russell (RR)**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Other - sales**

Extra Copies:

Submit via email: **YES**

Requester's email:

Carbon copy (CC:) to:

Pre Topic:

LFB:.....Russell (RR) -

Topic:

Delete sale and use tax exemptions for biotechnology

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?							
/1	jkreye 06/28/2007	jdyer 06/28/2007	sherritz 06/28/2007		cduerst 06/28/2007		

FE Sent For:

<END>

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/?	jkreye	1/28 jlc	sh 6/28	sh 6/28			

FE Sent For:

<END>

DOA:.....Easton, BB0165 – Sales and use tax exemptions for biotechnology

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** the budget.

Analysis by the Legislative Reference Bureau

TAXATION

OTHER TAXATION

This bill creates sales and use tax exemptions for machines, equipment, animals, and certain other tangible personal property that are sold to a biotechnology business for use exclusively in research. Under the bill, a biotechnology business is a business that is primarily engaged in the application of biotechnologies that use a living organism or parts of an organism to produce or modify products to improve plants or animals, develop microorganisms for specific uses, identify targets for small molecule pharmaceutical development, or transform biological systems into useful processes and products.

This bill also creates sales and use tax exemptions for machines, equipment, and certain other tangible personal property that are used exclusively in raising animals that are sold primarily to a biotechnology business, a public or private institution of higher education, or a governmental unit for use by any such entity exclusively in research or manufacturing.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 77.51 (1d) of the statutes is created to read:

2 77.51 (1d) “Biotechnologies” include recombinant deoxyribonucleic acid
3 techniques, biochemistry, molecular and cellular biology, genetics, genetic
4 engineering, biological cell fusion, and other bioprocesses.

5 **SECTION 2.** 77.51 (1e) of the statutes is created to read:

6 77.51 (1e) “Biotechnology business” means a business, as certified by the
7 department in the manner prescribed by the department, that is primarily engaged
8 in the application of biotechnologies that use a living organism or parts of an
9 organism to produce or modify products to improve plants or animals, develop
10 microorganisms for specific uses, identify targets for small molecule pharmaceutical
11 development, or transform biological systems into useful processes and products.

12 **SECTION 3.** 77.54 (53) of the statutes is created to read:

13 77.54 (53) (a) In this subsection:

- 14 1. “Animals” include bacteria, viruses, and other microorganisms.
- 15 2. “Manufacturing” has the meaning given in sub. (6m).
- 16 3. “Qualified research” means qualified research as defined under section 41
17 (d) (1) of the Internal Revenue Code, except that research conducted by a public or
18 private institution of higher education or by a governmental unit is “qualified
19 research” if applying the research is intended to be useful in developing a new or
20 improved product or service and the research satisfies section 41 (d) (1) (B) (i) and
21 (C) of the Internal Revenue Code.

1 (b) The gross receipts from the sale of and the storage, use, or other
2 consumption of:

3 1. Machines and specific processing equipment, including accessories,
4 attachments, and parts for the machines or equipment, that are used exclusively and
5 directly in raising animals that are sold primarily to a biotechnology business, a
6 public or private institution of higher education, or a governmental unit for exclusive
7 and direct use by any such entity in qualified research or manufacturing.

8 2. The items listed in sub. (3m) (a) to (m), medicines, semen for artificial
9 insemination, fuel, and electricity that are used exclusively and directly in raising
10 animals that are sold primarily to a biotechnology business, a public or private
11 institution of higher education, or a governmental unit for exclusive and direct use
12 by any such entity in qualified research or manufacturing.

13 3. Machines and specific processing equipment, including accessories,
14 attachments, and parts for the machines or equipment, that are sold to a
15 biotechnology business and used exclusively and directly in qualified research in
16 biotechnology.

17 4. Tangible personal property that is sold to a biotechnology business, if the
18 property is consumed or destroyed or loses its identity while being used exclusively
19 and directly in qualified research in biotechnology.

20 5. Animals that are sold to a biotechnology business and used exclusively and
21 directly in qualified research in biotechnology.

22 (c) A person who claims an exemption under par. (b) 1. and 2. shall obtain
23 written documentation from the person's customers related to each customer's use
24 of animals, including the percentage of animals sold to the customer that are used
25 exclusively and directly in qualified research.

1 (d) The department shall publish on the department's Internet site a list of all
2 biotechnology businesses certified by the department.

3 **SECTION 9441. Effective dates; Revenue.**

4 (1) The treatment of section 77.51 (1d), and (1e) and 77.54 (53) of the statutes
5 takes effect on the first day of the 2nd month beginning after publication.

6 (END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0877/1

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LFB:.....Russell (RR) - Delete sale and use tax exemptions for biotechnology

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

ASSEMBLY AMENDMENT ,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

in 6-22-07

1 At the locations indicated, amend the substitute amendment as follows: ✓

2 **1.** Page 1054, line 5: delete lines 5 to 16. ✓

3 **2.** Page 1142, line 8: delete the material beginning with that line and ending
4 with on page 1144, line 11. ✓

5 **3.** Page 1674, line 10: delete lines 10 to 15. ✓

6 (END)



State of Wisconsin
2007 - 2008 LEGISLATURE

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JK:jld:sh

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